

# *ANNUAL REPORT*

OF

Happy Valley Water System Inc.

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**NAME**

10035 N. Memory Ln. Rathdrum, ID 83858

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**ADDRESS**

TO THE

**IDAHO PUBLIC**

**UTILITIES COMMISSION**

FOR THE

YEAR ENDED December 31

2001

**ANNUAL REPORT FOR WATER UTILITIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING 2001**

**COMPANY INFORMATION**

1 Give full name of utility Happy Valley Water System Inc.  
 2 Date of Organization 25-Jul-01  
 3 Organized under the laws of the state of Idaho  
 4 Address of Principal Office (number & street) 10035 N. Memory Lane  
 5 P.O. Box (if applicable) \_\_\_\_\_  
 6 City Rathdrum  
 7 State ID  
 8 Zip Code 83858  
 9 Organization (proprietor, partnership, corp.) S-Corp  
 10 Towns, Counties served Kootenai  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

11 Are there any affiliated companies? yes  
**If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.**

12 Contact Information	Name	Phone No.
President (Owner)	Brett McCarty	687-1072
Vice President	N/A	
Secretary	Nora McCarty	687-1072
General Manager	N/A	
Complaints or Billing	Personal Care Data	765-1863
Engineering	N/A	
Emergency Service	N/A	
Accounting	Nora McCarty	687-1072

13 Were any water systems acquired during the year or any additions/deletions made to the service area during the year? no  
**If yes, attach a list with names, addresses & descriptions. Explain any services provided to the utility.**

14 Where are the Company's books and records kept?  
 Street Address 10035 N. Memory Ln.  
 City Rathdrum  
 State ID  
 Zip 83858  
 \_\_\_\_\_

NAME: Happy Valley Water System Inc.

**COMPANY INFORMATION (Cont.)**

For the Year Ended 2001

15 Is the system operated or maintained under a service contract? no

16 **If yes:** With whom is the contract? \_\_\_\_\_  
When does the contract expire? \_\_\_\_\_  
What services and rates are included? \_\_\_\_\_

17 Is water purchased for resale through the system? no

18 **If yes:** Name of Organization \_\_\_\_\_  
Name of owner or operator \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_  
Zip \_\_\_\_\_

	Gallons/CCF	\$Amount
Water Purchased		

19 Has any system(s) been disapproved by the Idaho Division of Environmental Quality? no

**If yes, attach full explanation**

20 Has the Idaho Division of Environmental Quality recommended any improvements? no

**If yes, attach full explanation**

21 Number of Complaints received during year concerning:  
Quality of Service 0  
High Bills 0  
Disconnection 0

22 Number of Customers involuntarily disconnected 0

23 Date customers last received a copy of the Summary of Rules required by IDAPA 31.21.01.701? 4/15/02

**Attach a copy of the Summary**

24 Did significant additions or retirements from the Plant Accounts occur during the year? no

**If yes, attach full explanation and an updated system map**

NAME: Happy Valley Water System Inc.

**REVENUE & EXPENSE DETAIL**

For the Year Ended 2001

ACCT #	DESCRIPTION		
<b><u>400 REVENUES</u></b>			
1	460	Unmetered Water Revenue	
2	461.1	Metered Sales - Residential	6361
3	461.2	Metered Sales - Commercial, Industrial	
4	462	Fire Protection Revenue	
5	464	Other Water Sales Revenue	
6	465	Irrigation Sales Revenue	
7	466	Sales for Resale	
8	400	Total Revenue (Add Lines 1 - 7) (also enter result on Page 4, line 1)	6361
9	*	DEQ Fees Billed separately to customers	Booked to Acct # _____
10	**	Hookup or Connection Fees Collected	Booked to Acct # _____
11	***	Commission Approved Surcharges Collected	Booked to Acct # _____
<b><u>401 OPERATING EXPENSES</u></b>			
12	601.1-6	Labor - Operation & Maintenance	790
13	601.7	Labor - Customer Accounts	
14	601.8	Labor - Administrative & General	
15	603	Salaries, Officers & Directors	
16	604	Employee Pensions & Benefits	
17	610	Purchased Water	
18	615-16	Purchased Power & Fuel for Power	2760
19	618	Chemicals	
20	620.1-6	Materials & Supplies - Operation & Maint.	35
21	620.7-8	Materials & Supplies - Administrative & General	
22	631-34	Contract Services - Professional	576
23	635	Contract Services - Water Testing	609
24	636	Contract Services - Other	112
25	641-42	Rentals - Property & Equipment	
26	650	Transportation Expense	
27	656-59	Insurance	
28	660	Advertising	
29	666	Rate Case Expense (Amortization)	
30	667	Regulatory Comm. Exp. (Other except taxes)	
31	670	Bad Debt Expense	
32	675	Miscellaneous	104
33	<b>Total Operating Expenses (Add lines 12 - 32, also enter on Pg 4, line 2)</b>		4986

Name: Happy Valley Water System Inc.

**INCOME STATEMENT**

For Year Ended 2001

ACCT #	DESCRIPTION		
1	Revenue (From Page 3, line 8)		6361
2	Operating Expenses (From Page 3, line 33)	4986	
3 403	Depreciation Expense	292	
4 406	Amortization, Utility Plant Aquisition Adj.	132	
5 407	Amortization Exp. - Other		
6 408.10	Regulatory Fees (PUC)		
7 408.11	Property Taxes	45	
8 408.12	Payroll Taxes		
9A 408.13	Other Taxes (list) DEQ Fees		
9B			
9C			
9D			
10 409.10	Federal Income Taxes		
11 409.11	State Income Taxes		
12 410.10	Provision for Deferred Income Tax - Federal		
13 410.11	Provision for Deferred Income Tax - State		
14 411	Provision for Deferred Utility Income Tax Credits		
15 412	Investment Tax Credits - Utility		
16	Total Expenses from operations before interest (add lines 2-15)	5455	
17 413	Income From Utility Plant Leased to Others		
18 414	Gains (Losses) From Disposition of Utility Plant		
19	Net Operating Income (Add lines 1, 17 & 18 less line 16)		906
20 415	Revenues, Merchandizing Jobbing and Contract Work		
21 416	Expenses, Merchandizing, Jobbing & Contracts		
22 419	Interest & Dividend Income	13	
23 420	Allowance for Funds used During Construction		
24 421	Miscellaneous Non-Utility Income		
25 426	Miscellaneous Non-Utility Expense		
26 408.20	Other Taxes, Non-Utility Operations		
27 409-20	Income Taxes, Non-Utility Operations		
28	Net Non-Utility Income (Add lines 20,22,23 & 24 less lines 21,25,26, & 27)		13
29	Gross Income (add lines 19 & 28)		919
30 427.3	Interest Exp. on Long-Term Debt		
31 427.5	Other Interest Charges		
32	NET INCOME (Line 29 less lines 30 & 31) (Also Enter on Pg 9, Line 2)		919

Name: Happy Valley Water System Inc.

**ACCOUNT 101 PLANT IN SERVICE DETAIL**  
 For Year Ended 2001

SUB ACCT #	DESCRIPTION	Balance Beginning of Year	Added During Year	Removed During Year	Balance End of Year
1 301	Organization	0	154		154
2 302	Franchises and Consents				
3 303	Land & Land Rights				
4 304	Structures and Improvements	0	1444		1444
5 305	Collecting & Impounding Reservoirs				
6 306	Lake, River & Other Intakes				
7 307	Wells				
8 308	Infiltration Galleries & Tunnels				
9 309	Supply Mains				
10 310	Power Generation Equipment				
11 311	Power Pumping Equipment		7447 ***		7447
12 320	Purification Systems				
13 330	Distribution Reservoirs & Standpipes				
14 331	Trans. & Distrib. Mains & Accessories				
15 333	Services				
16 334	Meters and Meter Installations		2674 ***		2674
17 335	Hydrants				
18 336	Backflow Prevention Devices				
19 339	Other Plant & Misc. Equipment				
20 340	Office Furniture and Equipment				
21 341	Transportation Equipment				
22 342	Stores Equipment				
23 343	Tools, Shop and Garage Equipment				
24 344	Laboratory Equipment				
25 345	Power Operated Equipment				
26 346	Communications Equipment				
27 347	Miscellaneous Equipment				
28 348	Other Tangible Property				
29	<b>TOTAL PLANT IN SERVICE</b>	<b>0</b>	<b>11719</b>	<b>0</b>	<b>11719</b>

(Add lines 1 - 28)

Enter beginning & end of year totals on Pg 7, Line 1

\*\*\* The addition of assets in accounts 311 & 334 totaling \$10,121 represent the original cost of assets purchased from the prior owners 5/31/2001

Name: Happy Valley Water System Inc.

**ACCUMULATED DEPRECIATION ACCOUNT 108.1 DETAIL**

For Year Ended 2001

SUB ACCT #	DESCRIPTION	Depreciation Rate %	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
1 304	Structures and Improvements	5.00%	0	36	36
2 305	Collecting & Impounding Reservoirs				
3 306	Lake, River & Other Intakes				
4 307	Wells				
5 308	Infiltration Galleries & Tunnels				
6 309	Supply Mains				
7 310	Power Generation Equipment				
8 311	Power Pumping Equipment	5.00%	***	2979	217
9 320	Purification Systems				
10 330	Distribution Reservoirs & Standpipes				
11 331	Trans. & Distrib. Mains & Accessories				
12 333	Services				
13 334	Meters and Meter Installations	3.00%	***	468	39
14 335	Hydrants				
15 336	Backflow Prevention Devices				
16 339	Other Plant & Misc. Equipment				
17 340	Office Furniture and Equipment				
18 341	Transportation Equipment				
19 342	Stores Equipment				
20 343	Tools, Shop and Garage Equipment				
21 344	Laboratory Equipment				
22 345	Power Operated Equipment				
23 346	Communications Equipment				
24 347	Miscellaneous Equipment				
25 348	Other Tangible Property				
26	TOTALS (Add Lines 1 - 25)		0	3483	292

Enter beginning & end of year totals on Pg 7, Line 7

Depreciation is straight-line with half year convention, therefore, half of the current year was recorded due to current owners purchasing the assets 5/31/2001

\*\*\* The balance at the end of the year include the accumulated depreciation that was recorded by the previous owners prior to the purchase 5/31/2001. The increase is only the depreciation recorded by the current owners.

Name: Happy Vally Water System Inc

**BALANCE SHEET**

For Year Ended 2001

		<u>ASSETS</u>	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
ACCT #	DESCRIPTION				
1	101	Utility Plant in Service (From Pg 5, Line 29)	0	11719	11719
2	102	Utility Plant Leased to Others			
3	103	Plant Held for Future Use			
4	105	Construction Work in Progress			
5	114	Utility Plant Aquisition Adjustment		3070	3070
6		Subtotal (Add Lines 1 - 5)	0	14789	14789
7	108.1	Accumulated Depreciation (From Pg 6, Line 26)	0	3483	292
8	108.2	Accum. Depr. - Utility Plant Lease to Others			
9	108.3	Accum. Depr. - Property Held for Future Use			
10	110.1	Accum. Amort. - Utility Plant in Service	0	13	13
11	110.2	Accum. Amort. - Utility Plant Lease to Others			
12	115	Accumulated Amortization - Aquisition Adj.	0	119	119
13		Net Utility Plant (Line 6 less lines 7 - 12)	0	11174	14365
14	123	Investment in Subsidiaries			
15	125	Other Investments			
16		Total Investments (Add lines 14 & 15)	0	0	0
17	131	Cash		2389	2389
18	135	Short Term Investments			
19	141	Accts/Notes Receivable - Customers		136	136
20	142	Other Receivables			
21	145	Receivables from Associated Companies			
22	151	Materials & Supplies Inventory			
23	162	Prepaid Expenses			
24	173	Unbilled (Accrued) Utility Revenue			
25	143	Provision for Uncollectable Accounts			
26		Total Current (Add lines 17 -24 less line 25)	0	2525	2525
27	181	Unamortized Debt Discount & Expense			
28	183	Preliminary Survey & Investigation Charges			
29	184	Deferred Rate Case Expenses			
30	186	Other Deferred Charges			
31		<b>Total Assets (Add lines 13, 16 &amp; 26 - 30)</b>	<b>0</b>	<b>13699</b>	<b>16890</b>

Name: Happy Valley Water System Inc

**BALANCE SHEET**

For Year Ended 2001

<u>LIABILITIES &amp; CAPITAL</u>		Balance	Balance	Increase
ACCT #	DESCRIPTION	Beginning of Year	End of Year	or (Decrease)
1	201-3 Common Stock			
2	204-6 Preferred Stock			
3	207-13 Miscellaneous Capital Accounts		10000	10000
4	214 Appropriated Retained Earnings			
5	215 Unappropriated Retained Earnings		919	919
6	216 Reacquired Capital Stock			
7	218 Proprietary Capital			
8	Total Equity Capital (Add Lines 1-5+7 less line 6)	0	10919	10919
9	221-2 Bonds			
10	223 Advances from Associated Companies			
11	224 Other Long - Term Debt			
12	231 Accounts Payable			
13	232 Notes Payable			
14	233 Accounts Payable - Associated Companies		2780	2780
15	235 Customer Deposits (Refundable)			
16	236.11 Accrued Other Taxes Payable			
17	236.12 Accrued Income Taxes Payable			
18	236.2 Accrued Taxes - Non-Utility			
19	237-40 Accrued Debt, Interest & Dividends Payable			
20	241 Misc. Current & Accrued Liabilities			
21	251 Unamortized Debt Premium			
22	252 Advances for Construction			
23	253 Other Deferred Liabilities			
24	255.1 Accumulated Investment Tax Credits - Utility			
25	255.2 Accum. Investment Tax Credits - Non-Utility			
26	261-5 Operating Reserves			
27	271 Contributions in Aid of Construction			
28	272 Accum. Amort. of Contrib. in Aid of Const. **			
29	281-3 Accumulated Deferred Income Taxes			
30	Total Liabilities (Add lines 9 - 29)	0	2780	2780
31	<b>TOTAL LIAB &amp; CAPITAL ( Add lines 8 &amp; 30)</b>	0	13699	13699

**\*\* Only if Commission Approved**



Name: \_\_\_\_\_

**SYSTEM ENGINEERING DATA**

For Year Ended 2001

1 Provide an updated system map if significant changes have been made to the system during the year.

2 Water Supply:

Pump Designation or location	Rated Capacity (gpm)	Type of Treatment: (None, Chlorine Fluoride Filter etc.)	Annual Production (000's Gal.)	Water Supply Source (Well, Spring, Surface Wtr)
				Well

3 System Storage:

Storage Designation or Location	Total Capacity 000's Gal.	Usable Capacity 000's Gal.	Type of Reservoir (Elevated, Pressurized, Boosted)	Construction (Wood, Steel Concrete)

(Duplicate form and attach if necessary. Asterisk facilities added this year.)



Name: Happy Valley Water System Inc

**SYSTEM ENGINEERING DATA**

(continued)

For Year Ended 2001

**FEET OF MAINS**

1	Pipe Size	In Use Beginning Of Year	Installed During Year	Abandoned During Year	In Use End of Year

**CUSTOMER STATISTICS**

		<u>Number of Customers</u>		<u>Thousands of Gallons Sold</u>	
		<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
2	Metered:				
2A	Residential				
2B	Commercial				
2C	Industrial				
3	Flat Rate:				
3A	Residential				
3B	Commercial				
3C	Industrial				
4	Private Fire Protection				
5	Public Fire Protection				
6	Street Sprinkling				
7	Municipal, Other				
8	Other Water Utilities				
TOTALS (Add lines 2 through 8)					

# CERTIFICATE

State of Idaho            )  
                                  ) ss  
County of \_\_\_\_\_ )

WE, the undersigned \_\_\_\_\_  
and \_\_\_\_\_  
of the \_\_\_\_\_  
utility, on our oath do severally say that the foregoing report has been prepared under our direction,  
from the original books, papers and records of said utility; that we have carefully examined same, and  
declare the same to be a correct statement of the business and affairs of said utility for the period  
covered by the report in respect to each and every matter and thing therein set forth, to the best of our  
knowledge, information and belief.

\_\_\_\_\_  
(Chief Officer)

\_\_\_\_\_  
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me

this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires \_\_\_\_\_

gdk/excel/jnelson/anulrpts/wtrannualrpt